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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

Universal Service Administrator

CC Docket No. 96-45

PETITION FOR REVIEW

Walter Steirnel
Tracie Chesterman
Greenberg I'raurig
800 *Connecticut Ave.*, NW
Suite 500
Washington, D.C. 20006

Its Counsel

11/10/2011 074

San Diego I.S.D. designated Integrity Communications as the service provider it was going to utilize for internal connections for the e-Rate program

On December 28, 2001, SLD sent a letter denying San Diego I.S.D./Integrity Communications' funding request for Year Four because "no contract or legally binding agreement was in place when the Form 471 was filed." On January 25, 2002, San Diego I.S.D. submitted a Letter of Appeal to SLD stating that San Diego I.S.D. and Integrity Communications "entered into legally binding agreement when the Form 471 was filed. Our binding agreement is acceptance of our proposal packet and submittal of our bids as 'Item 21 Attachment' with the Form 471." (Exhibit B) In addition, San Diego I.S.D.'s Letter of Appeal stated:

"Attachments constitutes a binding agreement between the entity and Integrity Communications. Both parties accept all policies, procedures, equipment, materials and services and warranties as outlined and stated in the Proposal. All current and future requirements or requests by USAC/SLD will be complied with as well as any necessary amendments or modifications appropriately submitted to and approved by USAC/SLD."

On February 22, 2002, Integrity Communications also timely submitted its Letter of Appeal to SLD appealing SLD's Funding Commitment Decision. (Exhibit C) In its appeal, Integrity Communications stated that there was a legally binding agreement between itself and San Diego I.S.D. due to the fact that there was an offer, acceptance and consideration. To be more specific, Integrity Communications explained that San Diego I.S.D. had accepted Integrity Communications' bid proposal by responding with a written and verbal acceptance, and therefore, there was a legally enforceable agreement between the two parties.

On September 19, 2002, SLD denied San Diego I.S.D./Integrity Communications' appeal. (Exhibit A) The basis for SLD's denial was again that a legally binding agreement between Integrity Communications and San Diego I.S.D. did not exist. See Administrator's Decision on Appeal, pgs. 1-3. SLD stated that on September 6, 2001, SLD asked San Diego I.S.D. for copies of the contract with Integrity Communications, and on October 14, 2001, San Diego I.S.D. indicated that no contract existed between San Diego I.S.D. and Integrity Communications. Id. at pgs. 1-2. In addition, SLD's Decision stated that on October 12, 2001, Dr. Roberto Garcia, Superintendent of the San Diego I.S.D., told a reviewer from SLD that he was uncertain whether San Diego I.S.D. wanted to stay with Integrity Communications. Id. at pg. 2. Nevertheless, on November 29, 2001, Dr. Garcia sent a letter to SLD stating that Integrity Communications' bid was accepted by San Diego I.S.D. Id. According to SLD's Decision, the chronology of facts led SLD to believe that not only did San Diego I.S.D. not have a contract with Integrity Communications but that San Diego I.S.D. also failed to establish that they had entered into a legally binding agreement with the provider at the time Form 471 was filed. Id.

We agree that there has been a considerable amount of confusion during the instant application process for Year Four funding, however, SLD should have never denied the parties' funding from the outset. The Instructions for Completing Form 471 state that when Form 471 is filed SLD requires a signed contract or a legally binding agreement between the District and the vendor preparatory to a formal signed contract. See Instructions for Completing the Schools and Libraries Universal Service Services Ordered and Certification Form (FCC Form 471), page 19 (Exhibit D). Texas law

along with law from other jurisdictions makes it clear that San Diego I.S.D.'s acceptance of Integrity Communications' bid resulted in a legally binding agreement.

For example, in A&A Construction Company, Inc. v. City of Corpus Christi, 527 S.W.2d 833, 835 (Tex. App. 1975), the court held that it is basic contract law that a bid is an offer and is binding once accepted by another. See also DRT Mechanical Corp. v. Collin County, Texas, 845 F. Supp. 1159 (E.D. Tex. 1994)(citing to A&A Construction, 527 S.W.2d at 835, for the proposition that a bid is an offer and binding once accepted). In addition, in Pension Investment Corp. of America v. East Baton Rouge Parish School Board, 583 So.2d 598 (1st Cir. 1991), the East Baton Rouge Parish School Board issued a document entitled "Bid Form" for the sale of property. The Federal Court of Appeals held that once a bid was accepted by the School Board there existed a binding and enforceable contract between the school board and the bidder. Id. at 601. It is apparent from the above-mentioned cases that at the time San Diego I.S.D. accepted Integrity Communications' bid for providing internal connections, there existed a legally enforceable, binding agreement between the two parties. Thus, SLD was in error when it originally denied the parties' funding request because a legally binding agreement was in existence when Form 471 was filed.

The vast majority of confusion in this case was created by SLD after San Diego I.S.D. and Integrity Communications filed Letters of Appeal requesting SLD to reconsider its decision denying funding. Subsequent to the filing of these appeals, San Diego I.S.D. received numerous, confusing inquiries from SLD along with erroneous information from other service providers regarding details of USAC's funding process.

Specifically, on September 6, 2002, SLD requested copies of the contract between San Diego I.S.D. and Integrity Communications. San Diego I.S.D. found SLD's inquiry to be perplexing because San Diego I.S.D. understood that SLD's Form 471 instructions required either a signed contract or a legally binding agreement between the District and the vendor preparatory to a formal signed contract to be in place when Form 471 is filed. Since San Diego I.S.D. only had a legally binding agreement between itself and Integrity Communications, San Diego I.S.D. replied to SLD that it had no contract.

After approximately ten months of trying to obtain Year Four Funding, San Diego I.S.D. grew frustrated of how long the process was taking. At the same time, San Diego I.S.D. was informed by a service provider, other than Integrity Communications, that the School District could receive funding sooner if it switched to a different service provider. Thus, Dr. Garcia wrote a letter to SLD stating that San Diego I.S.D. was changing service providers. Soon after Dr. Garcia sent this letter to SLD, the School District realized that changing service providers would breach the binding agreement San Diego I.S.D. had entered into with Integrity Communications. Thus, San Diego I.S.D. notified SLD that it would not be switching service providers or canceling its application for Year Four funding. Finally, on November 29, 2001, in response to SLD's second inquiry regarding the existence of a contract between Integrity Communications and the School District, San Diego replied that it would sign a contract when the e-Rate Four Funding is awarded. Pursuant to SLD's instructions, San Diego I.S.D. understood that SLD does not require a District to certify that a signed contract is in place between the District and the vendor

until the time Form 486 is submitted.¹ See *Form 486 Filing Guidance*, question 2 (Exhibit E).

As the FCC is aware, the e-Rate Program has been criticized and the subject of controversy for some time. The process to apply for funding is complicated, especially for School District personnel, who are trained in school administration. These persons are neither experienced in dealing with the bureaucracy of the federal government nor do these persons have the legal expertise to determine what constitutes a contract or legally binding agreement. In addition, there seems to be no hard and fast rules regarding what SLD considers to constitute a legally binding agreement or a contract sufficient to satisfy the requirements of Form 471. The Instructions for Form 471 simply state: "You MUST have a signed contract (or a legally binding agreement between you and your service provider preparatory to a formal signed contract) for all services you order on Form 471..." Pursuant to basic contract law and Texas law, in particular, which is the law governing the parties in this case, the parties had entered into a legally binding agreement at the time San Diego I.S.D. accepted Integrity Communications' bid proposal. Thus, when San Diego I.S.D. submitted Form 471 to SLD there was a legally binding agreement between the District and vendor preparatory to a formal signed contract.

In another appeal that Integrity Communications filed with the F.C.C. on November 8, 2002 (related to Rio Grande City I.S.D.), SLD was presented with the exact same set of facts when it initially questioned whether there was a legally binding agreement between Integrity Communications and Rio Grande I.S.D. In that case, SLD reversed itself and found that there was a legally binding agreement (although SLD later

¹ Form 486 is required to be submitted within ten days after services have been provided to School District.

found a deficiency on other grounds not applicable here, which Integrity Communications is appealing) The inconsistency between SLD's findings regarding a legally binding agreement in the Rio Grande City I.S.D. case, and the instant case involving San Diego I.S.D., cannot be explained by the facts of the cases. In each case, Integrity Communications responded to a request for proposals contained in Form 470. In each instance, the vendor submitted a bid proposal, which was accepted by the school district. In each instance, the accepted bid proposal was then supplied to SLD. In one case, however, SLD finds that there is no binding agreement, while in the other case SLD finds that there is a binding agreement. At this time, Integrity Communications requests that the Commission adopt a consistent interpretation that acceptance of a bid proposal creates a legally binding agreement, as SLD found in the case of Integrity Communications/Rio Grande City I.S.D., and apply that interpretation to the situation with San Diego I.S.D.

In summary, there is no basis to deny Year Four funding for San Diego I.S.D./Integrity Communications based on the fact that no legally binding agreement existed between the parties when Form 471 was filed.

111. Conclusion

On de novo review, Petitioner requests that the Commission direct SLD to grant Integrity Communications and San Diego I.S.D.'s application for Year Four funding.

Petitioner requests that the Commission direct SLD to immediately fund San Diego I.S.D.'s request for funding immediately without further delay.

Respectfully submitted,

INTEGRITY COMMUNICATIONS

Walter Steimel
Tracie Chesterman
Greenberg Traurig
800 Connecticut Ave., NW
Suite 500
Washington, D.C. 20006

Its Counsel

EXHIBIT A



Universal Service Administrative Company
Schools & Libraries Division

***REVISED* Administrator's Decision on Appeal - Funding Year 2001-2002**
(This letter replaces in its entirety the decision letter dated 9/9/02.)

September 19, 2002

Bill Sugarek

Integrity Communications

Re: San Diego Independent School District

P. O. Box 260154

corpus Christi, TX 78426

Re: Billed Entity Number: 141510
471 Application Number: 252293
Funding Request Number(s): 623658,623918,624103,624570,624690,624830
Your Correspondence Dated: February 22,2002

After thorough review and investigation of all relevant facts, the Schools and Libraries Division ("SLD") of the Universal Service Administrative Company ("USAC") has made its decision in regard to your **appeal** of SLD's Year Four Funding Commitment Decision for the Application Number indicated above. This letter **explains** the basis of SLD's decision. The date of this letter begins the 60-day time period for appealing this decision to the Federal Communications Commission ("FCC"). If your letter of appeal included more than one Application Number, please note that for each application for which **an** appeal is submitted, a separate letter is sent.

Funding Request Number: 623658,623918,624103,624570,624690,624830
Decision on **Appeal**: **Denied in full**

- You **have** stated in your appeal letter that you feel that based on the legal definitions, that you did in fact have a written contract **and** a legally binding agreement at the time San Diego I.S.D filed their Form 471. You are **asking** SLD to reverse their decision **and** fund these requests.
- For each of the FRNs appealed, San Diego ISD (SDISD) stated on their Form 471, Block **5**, Item 18, that they awarded a contract to Integrity Communications on January 17,2001.
- On September 6,2001, SLD asked SDISD for copies of these contracts.

Box 125 – Correspondence Unit, 80 South Jefferson Road, Whippany, New Jersey 07981
Visit us online at: <http://www.sl.universalservice.org>

- On October 12, 2001, Jamie Salinas, the contact person listed on the Form 471 and Dr. Roberto Garcia, Superintendent of Schools, called the PIA reviewer and told them that they were unsure if they wanted to stay with Integrity. and that they wanted to switch to a different service provider because they could get a better deal elsewhere. SDISD discussed canceling their application or proceeding with the current provider despite the drawbacks.
- On October 14, 2001, SDISD responded to the question we posed about the existence of your contracts and indicated that they had none.
- On October 17, 2001, Jamie Salinas confirmed with the PIA reviewer that the district had decided not to cancel the application as it would delay funding for another year.
- On October 18, 2001, SLD received a written (undated) request from Dr. Roberto Garcia to change their service provider from Integrity to an electrical engineering firm.

On November 27, 2001, SLD followed up on SDISD's response that no contracts existed, and asked for evidence of a legally binding agreement. Two days later, SDISD responded with a letter signed by Dr. Garcia which stated that representatives of the district had met with Integrity Communication and had agreed to accept the bid but had would not enter into a contract until SLD issued a Funding Commitment Decision Letter. It stated further: "Our legal counsel will review the contract and when the Board of Trustees approves the agreement, our district will comply with the written agreement."

- This chronology of facts led SLD to believe that not only did SDISD not have a contract with the Integrity, but that SDISD also failed to establish that they had entered into a legally binding agreement with the provider at the time that the Form 471 was filed. Furthermore, the conversations that SDISD had with their PIA reviewer in October 2001 regarding their interest in switching providers casts further doubt on the assertion that a legally binding agreement was in place.
- FCC rules require that the applicant submit a completed Form 471 to USAC "upon signing a contract for eligible services." 47 C.F.R. part 54.504(c). This provision has not, however, been understood to prohibit the submission of an FCC Form 471 if a contract has not been signed. Rather, at the time the FCC Form 471 is submitted, the eligible entity must have a legally binding agreement with its service provider(s). On the FCC Form 471, the eligible entity indicates, among other things, the Contract Number, Contract Award Date, description of services including a breakdown of components and costs for each contract, and the charges specified in the relevant contract on which the amount of the funding request is based. The instructions for filling-out the FCC Form 471 instruct the applicant that it must have a signed contract, or a legally binding agreement between it and its service provider preparatory to a formal signed contract at the time the FCC Form 471 is submitted

except for tariffed or month-to-month services. (FCC Form 471 Instructions at 19, SLD Website, <<http://sl.universalservice.org/forms>>).

- On appeal, you state that the conditions for a written contract and legally binding agreement had been met. **You** state that SDISD responded to your quotation with written and verbal acceptance of your offer. However, you did not provide the written documentation from SDISD that shows that your offer was accepted prior to the filing of the Form 471, and none was provided during PIA review. Further, you state that: "The appropriate authorized individual signed the 471 after agreement of all of the terms and conditions following board approval of the contract." As stated in Dr. Garcia's November 29, 2001 fax to SLD, the Board had not as of that date reviewed approved the agreement or the contract. Note that the contract or legally binding agreement between the applicant and its service provider must exist preparatory to the submission of the FCC Form 471. The Form 471 is a funding request, and cannot itself serve as the contract or legally binding agreement. Finally, you state that the "prices (consideration) were agreed upon, in advance, of the signing of the Form 471 and had board approval." Again, no evidence was provided during PIA review or on appeal to support this statement.
- Program rules require that there be a contract or legally binding agreement for all funding requests at the time the Form 471 is filed. Since you were unable to establish that such an agreement was in place at the time of the filing of the 471, the request was correctly denied, and the appeal is denied.

If you believe there is a basis for further examination of your application, you may file an appeal with the Federal Communications Commission (FCC) via United States Postal Service: FCC, Office of the Secretary, 445- 12th Street SW, Washington, DC 20554. If you are submitting your appeal to the FCC by other than United States Postal Service, check the SLD web site for more information. Please reference CC Docket Nos. 96-45 and 97-21 on the first page of your appeal. The FCC must RECEIVE your appeal WITHIN 60 DAYS OF THE ABOVE DATE ON THIS LETTER for your appeal to be filed in a timely fashion. Further information and new options for filing an appeal directly with the FCC can be found in the "Appeals Procedure" posted in the Reference Area of the SLD web site, www.sl.universalservice.org.

- We thank you for your continued support, patience, and cooperation during the appeal process.

Schools and Libraries Division
Universal Service Administrative Company

cc: Dr. Robert Garcia
San Diego Independent School District
609 Labbe Ave.
San Diego, TX 78384

Box 125 - Correspondence Unit, 80 South Jefferson Road, Whippany, New Jersey 07981
Visit us online at <http://www.sl.universalservice.org>

EXHIBIT B

SAN DIEGO INDEPENDENT SCHOOL DISTRICT
609 LABBE AVE.
SAN DIEGO, TEXAS 78384

OFFICE OF THE SUPERINTENDENT

DR. ROBERTO E. GARCIA

(361) 279-3382

a

Letter of Appeal
Schools and Libraries Division
Box 125 - Correspondence Unit
80 South Jefferson Road
Whippany, NJ 07981

1. Provide your contact information for the person who can most readily discuss this appeal

Name: Jaime Salinas
Address: 609 Labbe St. San Diego, TX. 78384-3420
Telephone Number: 361-279-3382 ext. 2225
Fax number: 361-279-2267
E-mail address: jsalinas2@sdisd.esc2.net

2. Identify which SLD decision you are appealing.

Cite the "letter type": Funding Commitment Decision Letter
Relevant Funding Year: 07/01/2001-06/30/2002
Date of the letter: 12/28/2001

Per letters appealing a Funding Commitment Decision Letter

Applicant name: San Diego Independent School District
Form 471 Application Number: 252293
Billed Entity Number: 141610

This letter is an "appeal,"

3. Identify the particular Funding Request Number, whenever applicable, that is the subject of your appeal.

Funding Request Numbers: 623658, 623918, 624103, 624570, 624690, 624830

4. Explain your appeal.

On December 28, 2001, San Diego ISD received a funding commitment decision for the following:

Funding commitment Decision: \$0.00 - Contract Violation

Funding commitment Decision Explanation: No contract or legally binding agreement was in place when the Form 471 was filed.



"VAQUEROS"

SAN DIEGO INDEPENDENT SCHOOL DISTRICT
609 LABBE AVE.
SAN DIEGO, TEXAS 78384

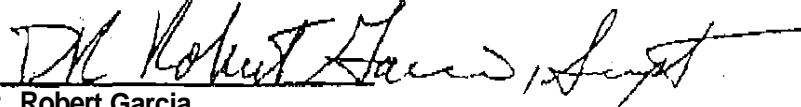
OFFICE OF THE SUPERINTENDENT

DR. ROBERTO E. GARCIA

(361) 278-3382

San Diego ISD's and the Service Provider, Integrity Communications, Service Provider Identification Number: 143018592, entered into a legally binding agreement when the Form 471 was filed. Our binding agreement is acceptance of our proposal packet and submittal of our bids as "Item 21 Attachment" with the Form 471.

5. Provide an authorized signature on your letter of appeal.



Dr. Roberto Garcia.
Superintendent
San Diego ISD

Documentation: Proposal Packet Addendum, 'Item 21 Attachments

Addendum:

Submission of a signed Form 471 to the USAC/Schools and Libraries Division with Integrity Communications (SPIN: 143018592) Attachments constitutes a binding agreement between the entity and Integrity Communications. Both parties accept all policies, procedures; equipment, materials and services and warranties as outlined and stated in the Proposal. All current and future requirements or requests by USAC/SLC will be complied with as well as any necessary amendments or modifications appropriately submitted to and approved by USAC/SLD.



"VAQUEROS"

Integrity Communications

SPIN: 143018592

P.O. Box 260154, Corpus Christi, TX 78426

Phone: 361-242-1000 Fax: MI-242-9300

**San Diego ISD—New High School
Telecommunication Technology Service Request**

Total turnkey package to upgrade existing, PBX telecommunication switch with Automatic Route Selection at High School campus, install wireless hardware for PBX cell phones to allow capability to transport information to individual classrooms. Includes all equipment, hardware, materials, racks, UPS's, software, internal components, cables, connectors, and manuals. Turnkey for only E-Rate && a— (See page 13-Automatic Route Selection; page 24-PBX's; page 38-Labor; page 38-Maintenance/Per Diem; page 39-Travel Time, in School and Libraries Eligibility List CC Docket #96-45 for a list of all eligible service included in the total turnkey package). No telephone sets, Voice Mail, Voice Messaging, Voice Over IP, Beeper, Video Equipment, Call Accounting, DVD equipment, modem, power conditioners, personal computers, surge protectors or any non-eligible telecommunication services or equipment costs are included in this request.		
PBX Equipment Package Cost	\$71,314.40	
Turnkey Labor Package to Install PBX	\$23,771.46	
Total Turnkey Installed Package Price		\$95,085.86
Total turnkey entire campus cabling project to include all drops to phone extensions at all proposed location. Included is all extension drops, PBX cell zone transceivers cabling, all required indoor or outdoor and OSP cabling, all required conduit, raceway, jacks, modules, faceplates, 66 blocks, connectors, hardware and all associated materials. (See Page 32 in Schools and Libraries eligibility list CC Docket #96-45 for a list of all eligible services included in the total turnkey internal wiring package-Wiring Internal, Wire Manager; Page 25-Raceway on a single campus not crossing a public right of way; Page 14-Cable Boxes; Page 15-conduit, Connectors and Copper Backbone Cabling; Page 38-Labor; Page 38-Maintenance/per diem; Page 39-Travel Tie.)		
Internal Wiring Material and Cable Package Cost	\$24,237.50	
Labor to Install all Cabling	\$48,475.00	
Total internal Wiring Cost		\$72,712.50
Total (Annual nonrecurring (onetime) \$ charges		\$167,798.36

Integrity Communications

SPIN: 143018592

P.O.Box 260154, Corpus Christi, TX 78426

Phone: 361-242-1000 Fax: 361-242-9300

Snn Diego ISD—Junior High School Telecommunication Technology Service Request

Total turnkey package to upgrade existing, PBX telecommunication switch with Automatic Route Selection at the Junior High School campus, install wireless hardware for PBX cell phones to allow capability to transport information to individual classrooms. Includes all equipment, hardware, materials, racks, UPS's, software, internal components, cables, connectors, and manuals. Turnkey for only B-Rate eligible items. (See page 13-Automatic Route Selection; page 24-PBX's; page 38-Labor; page 38-Maintenance/Per Diem; page 39-Travel Time, in School and Libraries Eligibility List CC Docket #96-45 for a list of all eligible service included in the total turnkey package). No telephone acts, Voice Mail, Voice Messaging, Voice Over IP, Beeper, Video Equipment, Call Accounting, DVD equipment, modems, power conditioners, personal computers, surge protectors or any non-eligible telecommunication services or equipment costs are included in this request.		
PBX Equipment Package Cost	\$48,457.14	
Turnkey Labor Package to Install PBX	\$16,152.38	
Total Turnkey Installed Package Price		\$64,609.52
Total turnkey entire campus cabling project to include all drops to phone extensions at all proposed location. Included is all extension drops, PBX cell zone transceivers cabling, all required indoor or outdoor and OSP cabling, all required conduit, raceway, jacks, modules, faceplates, 66 blocks, connectors, hardware and all associated materials. (See Page 32 in Schools and Libraries eligibility list CC Docket #96-45 for a list of all eligible services included in the total turnkey internal wiring package-Wiring Internal, Wire Manager; Page 25-Raceway on e single campus not crossing a public right of way, Page 14-Cable Boxes; Page 15-Conduit, Connectors and Copper Backbone Cabling; Page 38-Labor; Page 38-Maintenance/per diem; Page 39-Travel Time.)		
Internal Wiring Material and Cnbb Package Cost	\$13,650.00	
Labor to Install all Cabling	\$27,300.00	
Total internal Wiring Cost		\$40,950.00
Total (Annual nonrecurring (onetime) \$ charges		\$105,559.52

Integrity Communications

SPIN: 143018592

P.O. Box 260154, Corpus Christi, TX 78426

Phone: 361-242-1000 Fax: 361-242-9300

San Diego ISD—Elementary School Telecommunication Technology Service Request

Total turnkey package to upgrade existing, PBX telecommunication switch with Automatic Route Selection at the Elementary School campus, install wireless hardware for PBX cell phones to allow capability to transport information to individual classrooms. Includes all equipment, hardware, materials, racks, UPS's, software, internal components, cables, connectors, and manuals. Turnkey for only E Rate eligible items. (See page 13-Automatic Route Selection; page 24-PBX's; page 38-Labor; page 38-Maintenance/Per Diem; page 39-Travel Time, in School and Libraries Eligibility List CC Docket #96-45 for a list of all eligible service included in the total turnkey package). No telephone sets, Voice Mail, Voice Messaging, Voice Over IP, Beeper, Video Equipment, Call Accounting, DVD equipment, modems, power conditioners, personal computers, surge protectors or any non-eligible telecommunication services or equipment costs are included in this request.		
PBX Equipment Package Cost	36,168.07	
Turnkey Labor Package to Install PBX	12,056.02	
Total Turnkey Installed Package Price		\$48,224.09
Total turnkey entire campus cabling project to include all drops to phone extensions at all proposed location. Included is all extension drops, PBX call zone transceivers cabling, all required indoor or outdoor and OSP cabling, all required conduit, raceway, jacks, modules, faceplates, 66 blocks, connectors, hardware and all associated materials. (See Page 32 in Schools and Libraries eligibility list CC Docket #96-45 for a list of all eligible services included in the total turnkey internal wiring package-Wiring Internal, Wire Manager; Page 25-Raceway on a single campus not crossing a public right of way; Page 14-Cable Boxes; Page 15-Conduit, Connectors and Copper Backbone Cabling; Page 38-Labor; Page 38-Maintenance/per diem; Page 39-Travel Time.)		
Internal Wiring Material and Cable Package Cost	9,887.50	
Labor to Install all Cabling	19,775.00	
Total internal Wiring Cost		\$29,662.50
Total (Annual nonrecurring (onetime) S charges		\$77,886.59

Integrity Communications

SPIN: 143018592

P.O. Box 260154, Corpus Christi, TX 78426

Phone: 361-242-1000 Fax: 361-242-9300

San Diego ISD—Elementary Internal Connectlam-Network Cabling LAN Upgrade

Elementary			
Quantities	Item	Price	Extended Price
1	Network Maintenance	\$ 10,000.00	\$ 10,000.00
2	Server	\$ 7,266.00	\$ 14,532.00
3	RM UPS 1400	\$ 1,500.00	\$ 4,500.00
2	Smart UPS 1400NET RM	\$ 1,199.95	\$ 2,399.90
2	Catalyst 2960G	\$ 8,995.00	\$ 17,990.00
1	Catalyst 2948G	\$ 6,995.00	\$ 6,995.00
7	Catalyst 2924 XL EN	\$ 1,995.00	\$ 13,965.00
1	Catalyst 2948G	\$ 5,995.00	\$ 5,995.00
3	Mod WS-G5484=	\$ 500.00	\$ 1,500.00
2	GigaStack	\$ 250.00	\$ 500.00
1	Labor/Materials to install and Configure Hardware	\$ 9,350.00	\$ 9,350.00
1	Internal Wiring Material and Cable Package Cost	\$ 59,763.82	\$ 59,763.82
1	Total Labor to install all Cabling	\$ 97,005.00	\$ 97,005.00
TOTAL			\$ 243,486.72

Integrity Communications

SPIN: 143013592

P.O. Box 260154, Corpus Christi, TX 78426

Phone: 361-242-1000 Fax: 361-242-9300

San Diego ISD—Middle School Internal Connections—Network Cabling LAN Upgrade

Middle School

Quantities	Item	Price	Extended Price
1	Network Maintenance	\$ 5,000.00	\$ 5,000.00
1	Servers	\$ 7,266.00	\$ 7,266.00
1	RM UPS 1400	\$ 1,600.00	\$ 1,600.00
1	Catalyst 3500G XL EN	\$ 4,995.00	\$ 4,995.00
1	Catalyst 2960G	\$ 8,995.00	\$ 8,995.00
10	Mod WS-G5484=	\$ 500.00	\$ 5,000.00
2	WS-X2931-XL	\$ 500.00	\$ 1,000.00
1	Catalyst 2960G	\$ 8,995.00	\$ 8,995.00
2	Mod WS-G5484=	\$ 500.00	\$ 1,000.00
1	Catalyst 2960G	\$ 8,995.00	\$ 8,995.00
2	Mod WS-G5484=	\$ 500.00	\$ 1,000.00
1	Catalyst 2960G	\$ 8,995.00	\$ 8,995.00
2	Mod WS-G5484=	\$ 500.00	\$ 1,000.00
1	Labor/Materials to Install and Configure Hardware	\$ 3,570.00	\$ 3,570.00
1	Internal Wiring Material and Cable Package Cost	\$ 29,411.48	\$ 29,411.48
1	Total Labor to Install all Cabling	\$ 48,072.00	\$ 48,072.00
TOTAL			\$ 144,794.48

Integrity Communications

SPIN: 143018592

P.O. Box 260154, Corpus Christi, TX 78426

Phone: 361-2421000 Fax: 361-242-9300

San Diego ISD—High School Internal Connections-Network Cabling LAN Upgrade

High School			
Quantities	Item	Price	Extended Price
1	Network Maintenance	\$ 35,000.00	\$ 35,000.00
7	Servers	\$ 7,288.00	\$ 50,862.00
1	Cisco 3620 Router/modules	\$ 4,900.00	\$ 4,900.00
1	C8U/DSU	\$ 700.00	\$ 700.00
4	Smart UPS 1400NET RM	\$1,199.95	\$ 4,799.80
4	RM UPS 1400	\$ 1,500.00	\$ 6,000.00
1	Catalyst 2948G	\$ 5,895.00	\$ 5,895.00
6	Catalyst 2950G	\$ 8,895.00	\$ 44,975.00
2	Catalyst 3509G XL EN	\$ 4,985.00	\$ 9,980.00
2	Catalyst 2824M	\$ 2,495.00	\$ 4,890.00
3	Catalyst 2824 XL	\$ 1,995.00	\$ 5,985.00
4	Gigaset	\$ 250.00	\$ 1,000.00
33	Mod WS-G5484	\$ 500.00	\$ 16,500.00
1	VVS-X2831-XL	\$ 995.00	\$ 995.00
1	Labor/Materials to Install and Configure Hardware	\$ 24,990.00	\$ 24,990.00
1	Internal Wiring Material and Cable Package Cost	\$ 205,737.51	\$ 205,737.51
1	Total Labor to Install all Cabling	\$ 332,792.00	\$ 332,792.00
TOTAL			\$ 758,214.31

EXHIBIT C



"Copy"
 Fed. Ex 2/26/02
 # 8323 0741 0296

San Diego I.S.D.	Form 411 Application Number	Funding Request Number (s)	Entity Number
		624570,624690,624830	

San Diego I.S.D.	Funding Commitment Decision	Funding Request Number (s)
	No Contract or Legally Binding agreement When Form 47 I was filed.	623658,623918,624103, 624570,624690,624830

Contract Components:

"There are three elements that must be present for a contract to exist: offer, acceptance, consideration."

PO Box 260154, Corpus Christi, TX 78426
 Phone: 361-242-1000 Fax: 361-242-9300 Email: admin@integntycd.com
 Integrity...**our name says it all!**

Offer:

"The first step to a contract is an offer. An offer is a written or spoken statement by a party of his or her intention, to be held to a commitment upon acceptance of the offer."

- San Diego I.S.D. Requested a quote for particular items and services from Integrity Coinmunications, of which Integrity Communications responded with a written and spoken statement of Integrity Conimunications' intentions to provide all of the items and services requested; including details. prices, warranties, etc.

Acceptance:

"The second requirement for a valid contract is acceptance of the offer."

- U San Diego I.S.D., in fact, accepts the contractual agreement with Integrity Communications responding with a written and verbal acceptance. The appropriate authorized individual signed the 471 after agreement of all terms and conditions following board approval of the contract.

Consideration:

"Consideration is a legal concept that describes something of value, given in exchange for a performance or a promise of performance, and is the third requirement for a valid contract."

- Integrity Communications clearly stated the price of all items and services offered to San Diego I.S.D. in writing and verbally. These prices (consideration) were agree-upon, in advance, prior to the signing of the Form 471 and had board approval.

Integrity Communications has consulted four separate "Contract-Specialized" attorneys in regards to this matter. All four have equivocally assured us that, according to "Contract Law" and the "FCC Form 471 Instructions-October 2000-Page 17", under signed contracts section that a "legally binding agreement between you and your service provider preparatory to a formal signed contract" in fact did exist. Our council has further informed us that, not only did we have a legally binding agreement, but in fact, by law, we had a written "legally binding contract."

'This legally binding agreement is clear to Integrity Communications, San Diego I.S.D. personnel, San Diego School Board, and is undisputable by all involved parties

Since the wording of the explanation of "Signed Contract" on Page 17 of FCC Form 471 instructions-October 2000, states you must have a signed contract OR a legally binding agreement between you and your service provider, and since Integrity Communications and San Diego I.S.D. had, by law, a legally binding agreement, we respectfully, honorably, and formally request an immediate decision reversal of the previously denied requests for funding. and that all equipment and services contracted by San Diego I.S.D. with Integrity Communications be accepted by SLD as legally binding and legitimate

*We anxiously await your decision on this matter and look forward to a **positive** future relationship with USAC and the SLD*

Bill Sugarek, CEO

